

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 580 - SB 752**

March 24, 2011

**SUMMARY OF BILL:** Excludes the special use valuation of certain family-owned farmland, as determined by the Internal Revenue Code, and the value of disposition or severance of standing timber on certain qualified woodland, from a decedent's gross taxable estate for the purpose of determining Tennessee inheritance and estate taxes. Declares that the sale of qualified conservation easements to qualified organizations shall not be deemed a disposition for the purpose of determining the gross value of a decedent's taxable estate. Exempts up to \$5,000,000, or 50 percent of the value of certain land covered by conservation easements, from the gross taxable estate of certain decedents.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$10,143,000**

**Assumptions:**

- The fiscal impact of this bill is dependent upon multiple unknown factors such as the extent of special use valuations claimed each year, the extent of estates consisting of farmland, the extent of estates with property having conservation easements, the extent of estates containing qualified woodland, the extent of timber severance occurring on applicable woodland, and the total value of any such estates.
- Given the extent of unknown factors, determining a precise fiscal estimate for this bill is difficult. However, the gross value of taxable estates is reasonably estimated to decrease by a sum that will reflect a 10 percent recurring decrease in inheritance and estate tax revenue. This estimate is based on information provided by the Department of Revenue.
- The current Fiscal Review Committee estimate for inheritance and estate tax collections for FY11-12 is \$101,430,000.
- Inheritance and estate tax revenue is allocated 100 percent to the General Fund.
- The recurring decrease in state revenue will be \$10,143,000 (\$101,430,000 x 10%).

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc